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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Honbridge Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

**REVISION OF ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTIONS —
SALES FRAMEWORK AGREEMENT
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



長雄證券有限公司
EVER-LONG SECURITIES COMPANY LIMITED

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Lego Corporate
Finance Limited
力高企業融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 4 to 15 of this circular.

A notice convening the EGM to be held at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 13 September 2021, at 10:00 a.m. is set out on page EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or adjourned meeting thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

The Company will implement the following measures at the EGM to prevent and control the spread of the coronavirus disease 2019 (“COVID-19”) and to safeguard the health and safety of the attending Shareholders, staff members of the Company and other participants:

- compulsory body temperature check
- compulsory wearing of surgical face mask
- no serving of refreshments or drinks
- appropriate seating arrangement in line with the relevant laws and regulations in Hong Kong

Depending on the COVID-19 situation in Hong Kong, the Company reserves the right to change the EGM arrangements or take further measures as appropriate in order to minimise any risk to the Shareholders and other participants attending the EGM. The Company also encourages the Shareholders to consider appointing the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue, or implement other precautionary measures for the EGM in order to ensure the safety of the attendees at the EGM.

27 August 2021

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual Caps”	the annual caps for the Sales Framework Agreement for the period from 16 November 2020 to 22 October 2023
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Honbridge Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the GEM (Stock code: 8137)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Sales Framework Agreements, the Revised Annual Cap and the transactions contemplated thereunder
“Existing 2021 Annual Cap”	the existing annual cap of RMB250 million for the transactions under the Sales Framework Agreement for the year ending 31 December 2021
“Geely Automobile”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock code: 175)
“Geely International”	Geely International (Hong Kong) Limited (吉利國際(香港)有限公司), a company incorporated in Hong Kong and is a substantial shareholder of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board, comprising Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun, all of whom are independent non-executive Directors, formed to advise the Independent Shareholders as to the Supplemental Sales Framework Agreements, the Revised Annual Cap and the transactions contemplated thereunder
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO and the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Zhejiang Geely, Geely International, Mr. Li and their respective associates
“Latest Practicable Date”	25 August 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Mr. Li”	Mr. Li Shufu, a substantial shareholder of the Company who holds directly and indirectly approximately 19.83% interest in the Company
“NEV”	new energy vehicle
“PRC”	the People’s Republic of China, and for the purposes of this circular excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Revised Annual Cap”	the proposed revised annual cap for the year ending 31 December 2021 applicable to the transactions under the Supplemental Sales Framework Agreement, details of which are set out in the section headed “REVISION OF ANNUAL CAP” of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Framework Agreement”	the sales framework agreement dated 28 September 2020 entered into between the Company and Zhejiang Geely in relation to the sales of ternary lithium-ion battery packs
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

DEFINITIONS

“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Supplemental Sales Framework Agreement”	the supplemental sales framework agreement dated 10 August 2021 entered into between the Company and Zhejiang Geely in relation to the revision of the Existing 2021 Annual Cap
“Volvo Car”	Volvo Car Corporation, a limited liability company incorporated in Sweden and is a non-wholly owned subsidiary of Zhejiang Geely
“Zhejiang Forever New Energy”	浙江衡遠新能源科技有限公司, transliterated as Zhejiang Forever New Energy Co., Ltd.*, a limited liability company incorporated in the PRC and a non-wholly owned subsidiary held indirectly as to 52% by the Company
“Zhejiang Geely”	浙江吉利控股集團有限公司, transliterated as Zhejiang Geely Holding Group Company Limited*, a limited liability company incorporated in the PRC, which owns 100% equity interest in Geely International
“Zhejiang Geely Group”	Zhejiang Geely and its subsidiaries, excluding Geely Automobile and its subsidiaries
“%”	per cent

* *The English translation of the Chinese name is for identification purposes only and should not be regarded as the official English translation of such name.*

If there is any inconsistency in this circular between the Chinese and English versions, the English version shall prevail.

LETTER FROM THE BOARD



HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

Executive Directors:

Mr. HE Xuechu (*Chairman*)

Mr. LIU Jian (*Vice Chairman and
Joint Chief Executive Officer*)

Mr. LIU Wei, William (*Joint Chief
Executive Officer*)

Registered Office:

P.O. Box 31119, Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

Non-executive Director:

Mr. YAN Weimin

*Principal Place of Business
in Hong Kong:*

Unit 5402, 54th Floor
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Independent non-executive Directors:

Mr. CHAN Chun Wai, Tony

Mr. MA Gang

Mr. HA Chun

27 August 2021

To the Shareholders

Dear Sir/Madam,

**REVISION OF ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTIONS —
SALES FRAMEWORK AGREEMENT
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 28 September 2020 and the circular of the Company dated 29 October 2020 in relation to, among others, the entering into of the Sales Framework Agreement with Zhejiang Geely, pursuant to which the Group will supply high performance ternary lithium-ion battery packs and related products to Zhejiang Geely Group and the Annual Caps approved by the Independent Shareholders at the extraordinary general meeting of the Company on 16 November 2020.

LETTER FROM THE BOARD

Based on internal estimates and the anticipated continuing growth of business in the second half of 2021, the Directors are of the view that the Existing 2021 Annual Cap will not be sufficient for the business needs of the Group.

Reference is made to the announcement of the Company dated 10 August 2021, the Company entered into the Supplemental Sales Framework Agreement with Zhejiang Geely to revise the Existing 2021 Annual Cap. Save for the revision of the Existing 2021 Annual Cap from RMB250 million to RMB460 million for the year ending 31 December 2021, all other terms and conditions under the Sales Framework Agreement remain the same. The existing annual caps of RMB300 million and RMB350 million respectively for the continuing connected transactions under the Sales Framework Agreement for year ending 31 December 2022 and from the period from 1 January 2023 to 22 October 2023 remain unchanged.

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among others, (i) information on the Supplemental Sales Framework Agreement and the Revised Annual Cap of the transactions contemplated thereunder; (ii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Sales Framework Agreement and the transactions contemplated thereunder (including the Revised Annual Cap); (iii) the recommendation from the Independent Board Committee; and (iv) a notice of EGM.

REVISION OF ANNUAL CAP

The Sales Framework Agreement

On 28 September 2020, the Company entered into the Sales Framework Agreement with Zhejiang Geely, pursuant to which the Group will supply high performance ternary lithium-ion battery pack to Zhejiang Geely Group. The principal terms of the Sales Framework Agreement are summarised as below.

Parties:	(1) the Company; and (2) Zhejiang Geely
Date:	28 September 2020 (after trading hours)
Term:	From 16 November 2020 to 22 October 2023

LETTER FROM THE BOARD

Subject matters: Pursuant to the Sales Framework Agreement, the Group shall supply high-performance ternary lithium-ion battery pack and related products to Zhejiang Geely and its subsidiaries but excluding Geely Automobile and its subsidiaries. The exact model and volume of goods purchased by Zhejiang Geely Group from the Group and the dates of delivery will be provided in separate purchase orders.

Pricing basis: The price of goods under the Sales Framework Agreement will be negotiated on an arm's length basis and determined in the ordinary course of business on normal commercial terms or on terms no less favourable to the Company than those provided to independent third parties and will be specified in separate purchase orders.

Payment terms: All transactions contemplated under the Sales Framework Agreement are satisfied in cash.

Historical amounts for the Sales Framework Agreement

The annual caps under Sales Framework Agreement for the period from 16 November 2020 to 31 December 2020 and for the year ending 31 December 2021, and the historical transaction amounts for the period from 16 November 2020 to 31 December 2020 and for the six months ended 30 June 2021 are as follows:

	Existing annual caps		Historical actual revenue	
	For the period from 16 November 2020 to 31 December 2020	For the year ending 31 December 2021	For the period from 16 November 2020 to 31 December 2020	For the 6 months ended 30 June 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales Framework Agreement	76,000	250,000	74,800	168,600

LETTER FROM THE BOARD

Revision of Annual Cap under the Supplemental Sales Framework Agreement

During a recent review by the Board on the existing continuing connected transactions of the Group, the Directors anticipated that the transactions for the year ending 31 December 2021 pursuant to the Sales Framework Agreement will exceed the previous sales projection and that the Existing 2021 Annual Cap will not be sufficient to meet the Group's requirements for the financial year ending 31 December 2021. Hence, the Supplemental Sales Framework Agreement was entered into on 10 August 2021 and the Company proposes to revise the Existing 2021 Annual Cap as follows:

Period	Existing 2021 Annual Cap <i>RMB'000</i>	Revised Annual Cap <i>RMB'000</i>
For the year ending 31 December 2021	250,000	460,000

In arriving at the Revised Annual Cap for the year ending 31 December 2021, the Directors considered the following:

- (i) The historical transaction amount of sales volume of high-performance ternary lithium-ion powered battery packs for the six months ended 30 June 2021 recorded in the unaudited financial information of the Company which accounted for approximately RMB 168.6 million, representing approximately 67.4% of the Existing 2021 Annual Cap;
- (ii) a larger than expected demand from Volvo Car for high-performance ternary lithium-ion powered battery packs for the six months ended 30 June 2021; and
- (iii) the current and forecast market price of high-performance ternary lithium-ion powered battery packs in the market.

Save for the revision of the Existing 2021 Annual Cap under the Supplemental Sales Framework Agreement, other terms of the Sales Framework Agreement, including the existing annual caps of RMB300 million and RMB350 million respectively for the continuing connected transactions under the Sales Framework Agreement for year ending 31 December 2022 and the period ending 22 October 2023, remain unchanged.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL SALES FRAMEWORK AGREEMENT AND THE REVISION OF THE ANNUAL CAP

The transactions contemplated under the Supplemental Sales Framework Agreement between the Group and Zhejiang Geely were entered into the ordinary and usual course of business of the Group. The Directors are of the view that the Supplemental Sales Framework Agreement can effectively improve the Group's financial performance for the year ending 31 December 2021.

LETTER FROM THE BOARD

Based on internal estimates and the anticipated continuing growth of business in the second half of 2021, the Directors are of the view that the Existing 2021 Annual Cap will not be sufficient for the business needs of the Group. The purchases orders of high-performance ternary lithium-ion battery packs from Volvo Car has surpassed the original internal estimates for the year ending 31 December 2021 as the purchases order of high-performance ternary lithium-ion battery packs from Volvo Car received was over 2.3 times of the original internal estimate for the six months ended 30 June 2021. The management of the Company believes there will be more purchase orders for the second half of 2021 due to the strong performance of Volvo Car as a result of the worldwide recovery from COVID-19 and all of the purchase orders received will be delivered during the year ending 31 December 2021. The Existing 2021 Annual Cap is therefore not sufficient to meet the huge demand from Zhejiang Geely.

Approximately 11% of our production capacity for the six months ended 30 June 2021 has been utilised and not more than approximately 31% of our production capacity for the year ending 31 December 2021 is expected to be utilised and therefore the Company expected that there is still sufficient production capacity even the Revised Annual Cap being fully utilised. The Directors propose to revise the annual cap for the continuing connected transactions under the Supplemental Sales Framework Agreement for the year ending 31 December 2021 from RMB250 million to RMB460 million. The management of the Group believed that the sudden surge of demand for Volvo Car is just a temporary effect in 2021 as a result of the market rebounds after the COVID-19 pandemic-related shutdowns and will not affect the estimated sales volume with Volvo Car for the year ending 31 December 2022 and for the period from 1 January 2023 to 22 October 2023 respectively. The Directors therefore confirm that the annual caps for the year ending 31 December 2022, and for the period from 1 January 2023 to 22 October 2023, respectively remain unchanged.

Furthermore, the Directors (excluding the independent non-executive Directors whose views are set out in the letter form the Independent Board Committee) consider that the entering into of the Supplemental Sales Framework Agreement which sets out the Revised Annual Cap is constructive for the Group to sell the products and services thereunder, thereby benefiting the Group.

PRICING PRINCIPLES OF THE SUPPLEMENTAL SALES FRAMEWORK AGREEMENT

The price of products under the Supplemental Sales Framework Agreement will be negotiated on an arm's length basis and determined in the ordinary course of business on normal commercial terms or on terms no less favourable to the Company than those provided to independent third parties and will be specified in separate purchase orders. The price of products above would be set after making reference to the prevailing market price of same or substantially similar products from other independent third party lithium-ion powered battery manufacturers on normal commercial terms and in the ordinary course of business. Subject to any future change in the internal control system, the Group would conduct market research on a quarterly basis and gather relevant information to assess the prevailing market price of similar products. Details of relevant procedures are set out in the section headed "INTERNAL

LETTER FROM THE BOARD

CONTROL MEASURES” of this letter. Products price will be reviewed quarterly to ensure that the price set is consistent with the prevailing market price of similar products and is no less favourable to the price of similar products offered to the independent third parties.

After obtaining the quotations from the above third party suppliers, the sales team of the Group performs analysis against factors including but not limited to the general market supply and demand of the products, raw material costs, available production capacity and delivery time, etc. to determine the price ranges and ensure that the price ranges are not lower than the quotations offered by third party suppliers.

The Directors consider that the above methods and systems ensure that the transactions contemplated under the Supplemental Sales Framework Agreement will be conducted on normal commercial terms without prejudice to the interests of the Company and its Shareholders.

INTERNAL CONTROL MEASURES

In order to comply with the pricing basis of the Supplemental Sales Framework Agreement and safeguard the interests of the Shareholders as a whole, the Company will take the following internal control measures:

The Group has formulated internal audit procedures to track, monitor and evaluate the transaction amounts under the Supplemental Sales Framework Agreement on a quarterly basis, so as to ensure the Revised Annual Cap is not exceeded.

The Group will collect market information and keep track of the latest changes in the industry, especially the selling prices of similar lithium-ion batteries through different sources, including but not limited to market quotations from other independent third party lithium-ion powered battery manufacturers, public available industry research reports issued by investment banks, securities firms or other authorities, news or information on an ongoing basis.

After obtaining the market information, the sales team of the Group performs analysis against factors including but not limited to the general market supply and demand of the products, raw material costs, available production capacity and delivery time, etc, to determine the price and ensure that the price is not lower than the quotations offered to independent customers or not lower than those in the market. The price should be reviewed by respective heads of sales department and finance department of the Group and approved by at least two executive Directors or non-executive Directors.

The finance and accounting department of the Group will maintain a database, which is updated monthly, to save all the transaction pricing information under the Supplemental Sales Framework Agreement and other market reference.

The sales department of the Group will check the relevant information in the database before changing the price and terms of the lithium-ion batteries to be sold under the Supplemental Sales Framework Agreement. The lithium-ion batteries will be sold at prices no less favourable than the products available in the market.

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If it is required to revise the selling price of the lithium-ion batteries, the sales and finance departments should hold a meeting to confirm and revise the selling price with reference to the market. The price should be reviewed and approved by at least two executive Directors or non-executive Directors.

The above internal control measures are supervised and monitored by the management of the Group to ensure the Supplemental Sales Framework Agreement are conducted on normal commercial terms, in the ordinary course of business and will not be prejudicial to the interests of the Company and its Independent Shareholders as a whole.

The Group will conduct assessment at least annually on the internal control measures for all continuing connected transactions to ensure such internal control measures have been adhered to and are effective.

The independent non-executive Directors will also conduct a review on all continuing connected transactions each year and confirm that the transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company will also engage its independent auditors to report on transactions under the Supplemental Sales Framework Agreement at the end of the financial year. The independent auditors will review and confirm in the annual report whether transactions under the Supplemental Sales Framework Agreement have been approved by the Board, are in compliance with the pricing policies of the relevant agreement governing the transactions and have not exceeded the relevant Revised Annual Cap.

The Board will consider the results from the above reviews and take action to further strengthen the internal control measures on all continuing connected transactions of the Group, where necessary.

RELIANCE ON ZHEJIANG GEELY GROUP

As disclosed in the annual report for the year ended 31 December 2020, the Group sold approximately HK\$289.6 million to Zhejiang Geely Group. As such, it accounted over 97.5% of revenue of the Group. The Group expects that the sales to Zhejiang Geely Group will continue to count a significant portion of revenue in the foreseeable future. The Group is able to manage customer concentration risk to ensure that entering into the Supplemental Sales Framework Agreement would be in the interests of the Shareholders as a whole based on the following grounds:

The Group is capturing the potential growth of the top NEV manufacturer

The strategy of the Group is to get an advantage from the relations and cooperation with the world famous enterprise Zhejiang Geely, one of the top NEV manufacturers. The battery packs produced by Zhejiang Forever New Energy were provided to Zhejiang Geely Group and assembled in premium car models such as Volvo XC90 PHEV, Volvo XC60 PHEV, S60 PHEV, S90 PHEV and Lynk & Co Lynk 01, 02, 03 PHEV. Batteries modules were also

LETTER FROM THE BOARD

provided to Volvo Polestar 01 PHEV. Becoming the main powered battery supplier of different popular selling vehicle brands under Zhejiang Geely enables the Group to capture the potential growth of the fast growing NEV market and gain valuable experience in the industry. It can also increase the chance for the Group to get potential orders from other world's mainstream automobile manufacturers in the future after proving the quality and safety of the lithium-ion batteries produced by the Group.

The industry landscape is dominated by a few players

The global powered battery industry is currently dominated by a few major suppliers. According to the Industry report of ZheShang Securities Co. Ltd on 12 July 2021, the top five powered battery manufacturers dominated approximately 81.2% of the global market share in the first five months of 2021. In the PRC, the top ten powered battery manufacturers accounted for around 92.3% of the market share in the first six months of 2021. The business relationship between the powered battery manufacturer and the NEV manufacturers is stable, making it not easy for the companies in the industry to break off reliance on a major supplier or customer. To secure stable supply, the major NEV manufacturers are eager to form joint ventures and sign large purchase agreements with the top powered battery suppliers. As such, the business model cannot be easily changed to reduce the reliance.

The reliance is mutual and complementary

It takes months or years for developing, testing and matching for a powered battery to be used in a NEV. Before proceeding with mass production and for sale, detailed specification of each vehicle model (including powered batteries used) are required to be submitted by the NEV manufacturers to the Ministry of Industry and Information Technology in the PRC for approval, which takes months or years. As a strategic business partner, the Group has been involved in the above processes with Zhejiang Geely Group in recent years. The Group has established good working relationship with the Zhejiang Geely Group and is familiar with their procedures. The Directors believe that Zhejiang Geely Group cannot find substitute suppliers easily for car models such as Volvo XC90 PHEV, XC60 PHEV, S60 PHEV, S90 PHEV, etc. within a short period of time as Zhejiang Geely need to spend a long time for developing, testing and matching with the new potential substitute NEV battery manufacturers.

The Company is also trying the best effort to reduce the level of reliance and address the concentration risk on the Zhejiang Geely in the long run by sourcing different customers from different segments and different countries, for detail please refer to the sub-section headed 'The Group is making efforts to reduce the level of reliance' in this section. The Zhejiang Geely Group also benefits from the stable supply of quality products and services of the Group. Therefore, the reliance is mutual and complementary to the Group and the Zhejiang Geely Group.

LETTER FROM THE BOARD

Customer concentration is not uncommon in the industry

As the NEV industry is still in fast developing stage and is currently dominated by a few powered battery suppliers, customer concentration is not uncommon. For example, according to the prospectus dated 10 July 2020 of Farasis Energy (Gan Zhou) Co. Ltd., which is one of the leading powered battery supplier in the PRC, its top five customers accounted for approximately 99.78%, 99.77%, and 95.82% of its total sales from 2017 to 2019, respectively.

The Group is capable of maintaining its revenue in light of the reliance

It is expected that the sales of NEV in the PRC will keep increasing substantially in the coming years. On the other hand, top traditional vehicles manufacturers in the world will strengthen their development in the NEV sector. The Group believes the NEV and powered battery industry will expand significantly in the coming years.

The Group is making efforts to reduce the level of reliance

Notwithstanding the above, the Group however is trying to reduce its reliance on Zhejiang Geely in the future, having taken the steps: (i) the Group has invested and operating a battery swapping service business in the PRC since mid 2019; (ii) the Group continues to lower the costs of its products to become more competitive to match with the requirements of different major automobile enterprises; and (iii) the Group also actively contacts potential customers from different segments and different countries to promote its products. The sales department of the Group continuously look for different potential customers in the PRC and Europe. During the first quarter of 2021, the Company has been negotiating with, among others (i) different NEV manufacturers in the PRC for the development of different battery model for different types of NEV, such as range extend electric vehicles, electric mini passenger cars and electric tricycles; (ii) a NEV manufacturer in Taiwan for the development of the battery model of sport utility vehicles; and (iii) an international manufacturer which specialises in heavy lorries and trucks in Europe for the development of the battery model of trucks, respectively. They are actively pitching and discussing with these potential customers on the pricing, costing analysis, so as to embed more flexibility in the project development plan. They are also gathering the feedback of potential customers in order to offer a more competitive pricing to these potential customers.

Since the nature and the complexity of the products, the Company and the potential customers need to spend more time assessing the profitability and flexibility of the commercialisation of the products.

INFORMATION ON THE PARTIES

Zhejiang Geely

Zhejiang Geely is a limited company incorporated in the PRC and is principally engaged in the development, manufacture and sale of internal combustion engines and related automobile components in the PRC.

LETTER FROM THE BOARD

The Group

The Group is principally engaged in research and development and production of lithiumion powered batteries for NEV, provision of electric bicycle battery sharing service in the PRC and investment in mineral resources exploration and development.

IMPLICATIONS UNDER THE GEM LISTING RULES

Zhejiang Geely indirectly holds 18.78% of the total issued shares of the Company through Geely International. Zhejiang Geely is therefore a substantial shareholder and a connected person of the Company. As such, the transactions contemplated under the Supplemental Sales Framework Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The Company proposes to revise the annual cap for continuing connected transactions by entering into the Supplemental Sales Framework Agreement, the Company is therefore required to re-comply with the provisions of Chapter 20 of the GEM Listing Rules in relation to the relevant continuing connected transactions.

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Supplemental Sales Framework Agreement are more than 5%, the Supplemental Sales Framework Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

EGM AND PROXY ARRANGEMENT

The EGM will be held at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 13 September 2021, at 10:00 a.m. to seek the Independent Shareholder's approval for the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder.

Given Zhejiang Geely indirectly holds 18.78% of the total issued shares of the Company through Geely International and Mr. Li and his associates hold entire equity interest in Zhejiang Geely, and Zhejiang Geely is beneficially wholly owned by Mr. Li and his associates. Mr. Li and his associates are required to and will abstain from voting on the resolution to be proposed at the EGM for approving the above matter. Mr. Liu Jian an executive Director, is currently taking position in companies which Mr. Li has controlling interests. In order to avoid the perception of a conflict of interest, Mr. Liu Jian has abstained from voting on the board resolution in relation to the Supplemental Sales Framework Agreement.

At the EGM, votes will be taken by way of poll. To the best of the Director's knowledge, information and belief, having made all reasonable enquires, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

LETTER FROM THE BOARD

A notice convening the EGM is set out on pages EGM-1 and EGM-2 of this circular. A proxy form for use at the EGM is enclosed herewith. If you are not able to attend the EGM, you are requested to complete the proxy form and return it to the Company's share registrar, Union Registrars Limited at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

To be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Tuesday, 7 September 2021.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun, will be formed to advise the Independent Shareholders as to whether the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder are entered into on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder, in accordance with the GEM Listing Rules. Such appointment has been approved by the Independent Board Committee.

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 16 to 17 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM.

Your attention is also drawn to the letter from Independent Financial Adviser as set out on pages 18 to 27 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder.

LETTER FROM THE BOARD

RECOMMENDATION

Having considered the above, the Directors consider that the terms of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder are fair and reasonable and the Supplemental Sales Framework Agreement and the transactions contemplated thereunder (including the Revised Annual Cap) are in the interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Supplemental Sales Framework Agreement and the transactions contemplated thereunder (including the Revised Annual Cap).

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendix to this circular.

Yours faithfully,
On behalf of the Board
Honbridge Holdings Limited
Liu Wei, William
Director and Joint Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder.



HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

27 August 2021

To the Independent Shareholders

Dear Sir or Madam,

REVISION OF THE ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS — SALES FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 27 August 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the terms of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder, to advise you as to whether such terms are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole, and to recommend whether or not the Independent Shareholders should approve the Supplemental Sales Framework Agreements, the Revised Annual Cap and the transactions contemplated thereunder. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us and you in this regard.

We wish to draw your attention to the letter from the Board set out on pages 4 to 15 of this circular and the letter from the Independent Financial Adviser set out on pages 18 to 27 of this Circular which contains its advice to us and Independent Shareholders in respect of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder; and the additional information set out in the appendices to this Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taking into account, among other things, the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the transactions contemplated under the Supplemental Sales Framework Agreement are in the ordinary and usual course of business and the terms of the Supplemental Sales Framework Agreements, the Revised Annual Cap and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions completed thereunder.

Yours faithfully,

Mr. CHAN Chun Wai, Tony Mr. MA Gang Mr. HA Chun
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



27 August 2021

To the Independent Board Committee and the Independent Shareholders

Dear Sirs and Madams,

REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS — SALES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company dated 27 August 2021 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

References are made to the announcement of the Company dated 28 September 2020 and the circular of the Company dated 29 October 2020 (the “**2020 Circular**”) in relation to the entering into of the Sales Framework Agreement with Zhejiang Geely, pursuant to which the Group will supply high performance ternary lithium-ion battery packs to the Zhejiang Geely Group.

As set out in the Letter from the Board, based on the internal estimates and the anticipated continuing growth of business in the second half of 2021, the Directors anticipated that the Existing 2021 Annual Cap will not be sufficient for the business needs of the Group. On 10 August 2021 (after trading hours), the Company entered into the Supplemental Sales Framework Agreement with Zhejiang Geely for the purpose of revising the Existing 2021 Annual Cap, with all other terms and conditions under the Sales Framework Agreement remaining unchanged.

According to the Letter from the Board, Zhejiang Geely indirectly holds 18.78% of the total issued shares of the Company through Geely International. Zhejiang Geely is therefore a substantial shareholder and a connected person of the Company. The Company proposes to revise the annual cap for continuing connected transactions by the entering into the Supplemental Sales Framework Agreement, the Company is therefore required to re-comply with the provisions of Chapter 20 of the GEM Listing Rules in relation to the relevant continuing connected transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Supplemental Sales Framework Agreement are more than 5%, the Supplemental Sales Framework Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The EGM will be held to seek approval from the Independent Shareholders for the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder. Given Zhejiang Geely indirectly holds 18.78% of the total issued shares of the Company through Geely International and Zhejiang Geely is beneficially wholly-owned by Mr. Li and his associate, Mr. Li and his associates are required to and will abstain from voting on the resolution to be proposed at the EGM for approving the above matters.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun, has been established to advise the Independent Shareholders in connection with the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder.

We, Lego Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser in accordance with the GEM Listing Rules to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder and to make recommendations as to, among others, whether the terms of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder are fair and reasonable, are normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole, and as to voting in respect of the relevant resolution(s) at the EGM. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

During the past two years, Lego Corporate Finance Limited has acted as the independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to a continuing connected transaction of the Company, details of which are set out in the circular of the Company dated 29 October 2020. As at the Latest Practicable Date, save for the normal professional fees paid to us in connection with the abovementioned appointments and the appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees and/or benefits from the Group or any other party to the transactions, therefore we consider such relationship would not affect our independence. We were not aware of any relationships or interests between us and the Group, Zhejiang Geely or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates that could reasonably be regarded as relevant to our independence. We are independent under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have reviewed, inter alia, the announcement of the Company dated 10 August 2021, the Supplemental Sales Framework Agreement, the 2020 Circular, the annual reports of the Company for the years ended 31 December 2019 and 2020, the interim report of the Company for the six months ended 30 June 2021 and certain information provided by the management of the Company (the “**Management**”) relating to the operations, financial condition and prospects of the Group. We have also (i) considered such other information, analyses, market data which we deemed relevant; and (ii) conducted verbal discussions with the Management regarding the terms of the transactions contemplated under the Supplemental Sales Framework Agreement and the Revised Annual Cap, and the businesses and future outlook of the Group. We have taken reasonable steps to ensure that such information and statements, and any representation made to us, which we have relied upon in formulating our opinions, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes (if any) as soon as possible.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise made to us by the Directors and the Management for which they are solely responsible, were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material respects as at the Latest Practicable Date and Shareholders will be notified of material changes (if any) of the information contained in the Circular. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business, affairs, operations, financial position or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us as at the Latest Practicable Date.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder. Except for its inclusion in the Circular, this letter shall not be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations with respect to the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Reasons for and benefit of the entering into the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder

Zhejiang Forever New Energy, being a 52% owned subsidiary of the Group, is a modern lithium-ion battery enterprise in Jinhua New Energy Automobile Industrial Park which includes functions such as research and development, production, testing and inspection, demonstration and service, and sales of lithium-ion battery and battery system. The Group is principally engaged in research and development and production of lithium-ion powered batteries for NEV, provision of electric bicycle battery sharing service in the PRC, and investment in mineral resources exploration and development. With an international portfolio of brands including, among others, Volvo Car, the Zhejiang Geely Group is a global mobility technology group principally engaged in the sales of automobiles and related parts and components wholesale and retail business.

The sale of lithium batteries has consistently been a primary revenue contributor of the Group, which has substantially accounted for over 97% of the Group's total revenue for the two years ended 31 December 2019 and 2020, respectively. As advised by the Management, Zhejiang Forever New Energy has been cooperating with Zhejiang Geely since the second quarter of 2018 in performing its ordinary and usual course of businesses. On 28 September 2020, the Group entered into the Sales Framework Agreement with Zhejiang Geely, in relation to the sale and purchase of ternary lithium-ion powered battery packs to the Zhejiang Geely Group for a term of three years from 16 November 2020 to 22 October 2023. As set out in the Letter from the Board and further analysed in the sub-section below headed "4. The Revised Annual Cap", based on internal estimates and the anticipated continuing growth of business in the second half of 2021, it is anticipated that the Existing 2021 Annual Cap may not be sufficient to meet the Group's business needs for the year ending 31 December 2021. Accordingly, the Directors proposed to revise the Existing 2021 Annual Cap, with all other terms and conditions of the Sales Framework Agreement remaining unchanged.

The revision of the Existing 2021 Annual Cap would benefit the Group by (i) enhancing the Group's revenue-generating capacity in respect of the sale of ternary lithium-ion powered battery packs to the Zhejiang Geely Group; (ii) potentially improving the utilisation rate of the production capacity of the Group; and (iii) strengthening the business relationship between the Group and the Zhejiang Geely Group, which shall in turn allow the Group to further leverage on the reputations of the Zhejiang Geely Group and its brands, resulting in attracting new potential customers which shall ultimately help enhance returns to the Shareholders.

In view of the above, we are of the view that the entering into of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Principal terms of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder

On 16 November 2020, the Company convened an extraordinary general meeting during which, among others, transactions contemplated under the Sales Framework Agreement (including the Existing 2021 Annual Cap) were approved by the then Independent Shareholders. The Supplemental Sales Framework Agreement, which supplements the Sales Framework Agreement, was entered solely for the purpose of revising the Existing 2021 Annual Cap. Save for the revision of the Existing 2021 Annual Cap, all other terms and conditions of the Sales Framework Agreement (including the pricing basis) shall remain unchanged. For the details of the principal terms of the Sales Framework Agreement, please refer to the sub-section headed “REVISION OF ANNUAL CAP” in the Letter from the Board.

3. Internal control measures within the Group

The Company has established a series of internal control measures in order to ensure the compliance with the pricing principles of the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement). As set out in the Letter from the Board, among others, the Group keeps track of selling prices of similar lithium-ion batteries in the market through different sources including but not limited to market quotations from other independent third party lithium-ion powered battery manufacturers and publicly available industry research reports on an ongoing basis, and the sales team of the Group performs analysis to determine the prices of the lithium-ion batteries to be sold under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement), which shall be reviewed by the respective heads of sales department and finance department of the Group and approved by at least two executive Directors or non-executive Directors, and shall be not less favourable than those offered to independent customers or in the market. On the other hand, the finance and accounting department of the Group maintains a database of the transaction pricing information under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement) and other market references, which is updated on a monthly basis in order to keep up-to-date records of the relevant pricing information. In the event that any revisions to the selling prices offered under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement) are needed, a meeting shall be held among the sales department and the finance department to confirm and revise the selling prices with reference to the market price, and the proposed revised selling price shall be reviewed and approved by at least two executive Directors or non-executive Directors. The above internal control measures shall be supervised and monitored by the management of the Group to ensure the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement) are conducted on normal commercial terms, in the ordinary course of business and will not be prejudicial to the interests of the Company and the Independent Shareholders as a whole. The Group will conduct assessments at least annually on the internal control measures for all continuing connected transactions to ensure that such measures have been adhered to and are effective. In addition to the above, it is also required by the GEM Listing Rules that annual review shall be conducted by the independent non-executive Directors and the independent auditors of the Company to confirm, among others, that the relevant transactions have been executed in accordance with the terms and/or pricing policies of the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above and that internal control measures will be implemented with clear lines of responsibilities, we are of the view that sufficient internal control and risk control measures will be in place within the Group to ensure the compliance with the pricing principles under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement) which, as analysed under the sub-section headed “2. Principal terms of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder” of this letter above and set out in the sub-section headed “PRICING PRINCIPLES OF THE SUPPLEMENTAL SALES FRAMEWORK AGREEMENT” in the Letter from the Board, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

4. The Revised Annual Cap

Set out in Table 1 below summarises (i) the approved annual cap in respect of the Sales Framework Agreement for the period from 16 November 2020 to 31 December 2020 and the Existing 2021 Annual Cap; (ii) the historical actual revenue generated thereunder for the period from 16 November 2020 to 31 December 2020 and the period from 1 January 2021 to 30 June 2021 (the “**2021 1H Historical Revenue**”); and (iii) the Revised Annual Cap, respectively.

Table 1: A summary of the approved annual cap for the period from 16 November 2020 to 31 December 2020, the Existing 2021 Annual Cap, the historical actual revenue under the Sales Framework Agreement and the Revised Annual Cap

	For the period from 16 November 2020 up to and including 31 December 2020 RMB'000	For the period from 1 January 2021 up to and including 30 June 2021 RMB'000	For the year ending 31 December 2021 RMB'000
Historical actual revenue	74,800	168,600	—
The approved annual cap/the Existing 2021 Annual Cap	76,000	—	250,000
The Revised Annual Cap	—	—	460,000

As shown in Tables 1 above, the historical actual revenue generated under the Sales Framework Agreement for the period from 16 November 2020 up to and including 31 December 2020 represents approximately 98.42% of the underlying corresponding approved annual cap, and based on the 2021 1H Historical Revenue of approximately RMB168.6 million, the Existing 2021 Annual Cap had a relatively high utilisation rate of approximately 67.4% as at 30 June 2021. The Revised Annual Cap of RMB460 million represents an increase of 84.0% from that of the Existing 2021 Annual Cap, of which approximately 36.7% has been utilised based on the 2021 1H Historical Revenue of approximately RMB168.6 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Management, the Revised Annual Cap was determined primarily based on the estimated transaction amount under the Supplemental Sales Framework Agreement during 2021, which were in turn derived from (i) the estimated sales volume of high-performance ternary lithium-ion powered battery packs under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement) during 2021, which shall be affected by, among others, the expected demand for the products to be provided by the Group pursuant to the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement); and (ii) the current and forecast selling price of high-performance ternary lithium-ion powered battery packs.

We understand that the ternary lithium-ion powered battery packs under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement) have been, and shall continue to be, used by certain brands of the Zhejiang Geely Group for the production of new energy vehicles. We have reviewed the calculations of the Revised Annual Cap prepared by the Management, and noticed that more than 90% of the Revised Annual Cap was accounted for by the estimated transaction amount of battery packs to be supplied for the production of plugin hybrid electric vehicles (“**PHEV**”) of certain models of Volvo Car (the “**CCT Volvo Models**”), being an automobile brand of the Zhejiang Geely Group, during 2021, while the remaining proportion was accounted for by the estimated transaction amount of battery packs to be supplied for the production of PHEV of other vehicle models of the Zhejiang Geely Group. In light of the significance of, and the substantial contribution to the revision of, the Existing 2021 Annual Cap, our analysis below has been primarily focused on the quantity and selling price of the battery packs to be supplied for the CCT Volvo Models (the “**CCT Volvo Models Battery Pack(s)**”) during 2021 under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement).

The estimated sales volume to be conducted under the Supplemental Sales Framework Agreement

Based on the calculations of the Revised Annual Cap, the estimated total sales quantity of the CCT Volvo Models Battery Packs for 2021 was determined based on (i) the historical actual quantity of the CCT Volvo Models Battery Packs sold to the Zhejiang Geely Group during the first half of 2021 (the “**Historical 1H Sales Quantity**”); and (ii) the estimated sales quantity to be transacted during the second half of 2021 (the “**Estimated 2H Sales Quantity**”).

(i) The expected demand from the Zhejiang Geely Group

As advised by the Management, Volvo Car has from time to time communicated with the Group regarding the respective estimated total demands for the CCT Volvo Models Battery Packs for 2021 (the “**Volvo Car Estimated 2021 Demand**”). We noticed that the Historical 1H Sales Quantity of the CCT Volvo Models Battery Packs represented more than 30% of the Volvo Car Estimated 2021 Demand. With respect to the Estimated 2H Sales Quantity, we noticed that it is larger than the Historical 1H Sales Quantity, and understand that such estimate was primarily made by netting the Historical 1H Sales Quantity from the Volvo Car Estimated 2021 Demand, as well as with reference to the development of the CCT Volvo Models. For our due diligence purpose, we have reviewed the relevant internal documents of Volvo Car regarding its communications with the Group on the Volvo Car

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Estimated 2021 Demand and noted that the Volvo Car Estimated 2021 Demand represents a significant increment as compared to the then estimated annual demand under the Existing 2021 Annual Cap.

In assessing the basis for the increment in the Volvo Car Estimated 2021 Demand, we have conducted independent research on the development of the CCT Volvo Models in 2021. Based on the interim report of Volvo Car for 2021, the total number of its global retail sales for the six months ended 30 June 2021 substantially increased by approximately 41.0% to 380,757 units as compared to that for the six months ended 30 June 2020, which was mainly attributable to, among others, the strong demand in the CCT Volvo Models as a result of the market rebounds after the novel coronavirus pandemic-related shutdowns. We also noticed that the CCT Volvo Models include, among others, the second and the third best-selling models of Volvo Car for the six months ended 30 June 2021 and the CCT Volvo Models have collectively accounted for more than 55% of the Volvo Car's total global sales during the period. As advised by the Management, the above collectively indicate an abrupt and temporary increase in the demand for the CCT Volvo Models and accordingly the CCT Volvo Models Battery Packs in 2021 amid the ongoing transition of Volvo Car to become fully electric by 2030. Considering the temporarily strong demand for the CCT Volvo Models during the first half of 2021 which represented a growth from that of the previous corresponding period, we are of the view that the estimation of the Estimated 2H Sales Quantity, which was arrived at with reference to the Volvo Car Estimated 2021 Demand as advised by Volvo Car as well as the Historical 1H Sales Quantity, and accordingly the increase in the Volvo Car Estimated Demand are fair and reasonable.

(ii) Expected production capacity of Zhejiang Forever New Energy

According to the interim report of the Company for the six months ended 30 June 2021, the production plant of Zhejiang Forever New Energy is designed to possess a maximum production capacity of approximately 2,000,000 kilowatt-hour ternary lithium-ion batteries annually. The first 500,000 kilowatt-hour production line has commenced mass production since the second quarter of 2018. The fully automatic production line adopts a state-of-the-art design and technologies for producing pouch type cells.

Based on the expected operation schedule of the production lines, it is noted that the production capacity of Zhejiang Forever New Energy will remain unchanged throughout 2021 and will be adequate to meet the estimated sales volume to be conducted under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement) throughout 2021.

In light of the above, we are of the view that the estimation of the sales volume to be conducted in 2021 under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement) is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The estimated selling prices to be charged under the Supplemental Sales Framework Agreement

Based on our review, we noticed that the average of the monthly selling prices adopted for estimating the transaction amount of the CCT Volvo Models Battery Packs to be conducted for 2021 is slightly higher than the then corresponding estimated selling price adopted at the time of compiling the Existing 2021 Annual Cap. We have enquired with the Management and learnt that this was due to successful negotiations by the Group with the Zhejiang Geely Group, which is in the interests of the Group. On the other hand, the Management further advised that when determining the monthly selling prices of the CCT Volvo Models used for estimating the transaction amount of the CCT Volvo Models Battery Packs to be conducted in 2021, they have primarily taken into account of (i) the actual monthly selling prices offered to the Zhejiang Geely Group during the first half of 2021 (the “**Historical 1H Selling Price(s)**”); and (ii) the estimated monthly selling prices to be offered to the Zhejiang Geely Group during the second half of 2021 (the “**Estimated 2H Selling Price(s)**”), which were estimated based on the Historical 1H Selling Prices and an anticipated decreasing trend in the selling prices of the CCT Volvo Models Battery Packs by time.

For our due diligence purpose, we have reviewed all Historical 1H Selling Prices, which cover all the sale and purchase of all types of the CCT Volvo Models Battery Packs that had been conducted under the Sales Framework Agreement during the first half of 2021. On the other hand, we noticed that the Estimated 2H Selling Prices were slightly lower than the Historical 1H Selling Prices, demonstrating a generally decreasing trend in the selling prices throughout 2021. As advised by the Management, it is a common phenomenon that the average selling price of powered battery packs will decrease as time passes due to, among others, the enhancement in technology and the decrease in costs of raw materials. In this regard, we have further conducted research from the public domain and obtained consistent insights. According to the “Re-examining rates of lithium-ion battery technology improvement and cost decline” published by the Royal Society of Chemistry (<https://www.rsc.org/>), a professional organisation that carries out research, publishes journals, books and databases, etc., on 23 March 2021, the real price of lithium-ion battery cells has decreased by 97% since their commercial introduction in 1991. In addition, with reference to the research report named “Electric Vehicle Outlook 2021” published in April 2021 by BloombergNEF (<https://about.bnef.com/>), a well-known privately held financial software, data and media company headquartered in the United States, lithium-ion battery packs prices fell 89% from 2010 to 2020 due to the introduction of new chemistries, new manufacturing techniques and simplified pack designs. It is forecasted that average battery pack prices will continue to decrease by 2030 on a volume-weighted average basis.

Considering the above, we are of the view that the estimations of the Estimated 2H Selling Prices, and accordingly the estimations of the selling prices adopted for compiling the estimated transaction amount of the CCT Volvo Models Battery Packs to be conducted in 2021, are fair and reasonable

In light of the foregoing, we are of the view that the determination of the Revised Annual Cap is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that the terms of the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder are fair and reasonable; and the Supplemental Sales Framework Agreement, the Revised Annual Cap and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Billy Tang
Managing Director

Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the corporate finance advisory profession.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and the chief executives of the Company interests and short positions in shares, underlying shares or debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, relating to the required standards of dealing by directors of listed issuers, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the ordinary shares of HK\$0.001 each of the Company

Number of directors	Number of shares in the Company			Total	Approximate percentage of shareholding (%)
	Beneficial owner	Interest of spouse	Interest of controlled corporation		
HE Xuechu	57,939,189	22,460,000	4,065,000,000 (Note 1)	4,145,399,189	42.07
LIU Wei, William	9,002,000	-	-	9,002,000	0.09
YAN Weimin	30,000,000	-	-	30,000,000	0.30
CHAN Chun Wai, Tony	1,000,000	-	-	1,000,000	0.01

Note:

- The 4,065,000,000 shares were held by Hong Bridge Capital Limited ("Hong Bridge"), Mr. HE Xuechu is the controlling shareholder and director holding 51% equity interest of Hong Bridge.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or their associates had, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests and short positions in the shares and underlying shares of the Company

As at the Latest Practicable Date, the following persons, other than the Directors or chief executives of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Long positions of substantial Shareholders in the ordinary shares of HK\$0.001 each of the Company

Name of shareholder	Number of shares in the Company			Total number of shares held	Approximate percentage of shareholding (%)
	Beneficial owner	Interest of spouse	Interest of controlled corporation		
Hong Bridge <i>(Note 1)</i>	4,065,000,000	—	—	4,065,000,000	41.25
HE Xuechu <i>(Note 2)</i>	57,939,189	22,460,000	4,065,000,000 <i>(Note 1)</i>	4,145,399,189	42.07
FOO Yatian <i>(Note 2)</i>	22,460,000	4,122,939,189	—	4,145,399,189	42.07
LI Xing Xing	—	—	4,065,000,000 <i>(Note 3)</i>	4,065,000,000	41.25
Geely International (Hong Kong) Limited	1,850,675,675	—	—	1,850,675,675	18.78
Zhejiang Geely Holding Group Co., Ltd. <i>(Note 4)</i>	—	—	1,850,675,675	1,850,675,675	18.78
LI Shufu <i>(Note 5)</i>	103,064,000	—	1,850,675,675	1,953,739,675	19.83

Notes:

- The 4,065,000,000 shares were held by Hong Bridge. Mr. HE Xuechu is the controlling shareholder and director holding 51% equity interest of Hong Bridge.

2. Ms. FOO Yatyan is the spouse of Mr. HE Xuechu.
3. Mr. LI Xing Xing holds 30.8% equity interest of Hong Bridge.
4. Zhejiang Geely holds 100% equity interest of Geely International.
5. Mr. LI Shufu is the controlling shareholder holding 90% equity interest of Zhejiang Geely.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

(c) Share option scheme

Particulars of the outstanding share options granted under the share option scheme adopted by the Company on 21 May 2012 were as follows:

Category of participant	Outstanding	Date of grant of share options	Exercise period of share option	Exercise	Price
	as at the Latest Practicable Date			price per share option	immediately preceding the grant date of share options
				HK\$	(Note a) HK\$
Employee	8,750,000	14/05/2015	15/05/2015– 14/05/2023	2.61	2.55
Total	<u>8,750,000</u>				

Notes:

- (a) The price of the shares disclosed as immediately preceding the grant date of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the share options.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

3. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

4. INTERESTS IN CONTRACTS

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors, controlling Shareholders and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the overall financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions in this circular:

Name	Qualification
Lego Corporate Finance Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group, nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, the expert named above did not have any direct or indirect interest in any assets which had since 31 December 2020, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

10. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong from the date of this circular, up to and including the date of the EGM:

- a. the memorandum and articles of association of the Company;
- b. the annual reports of the Company for the two financial years ended 31 December 2020;
- c. the interim report of the Company for the six months ended 30 June 2021;
- d. the letter of recommendation from the Independent Board Committee to the Independent Shareholder, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;
- e. the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;
- f. the written consents referred to under the paragraph headed "Expert and Consent" in this appendix;
- g. the Sales Framework Agreement;
- h. the Supplemental Sales Framework Agreement; and
- i. this circular.

11. GENERAL

- (a) The registered office of the Company is situated at P.O. Box 31119 Grand Pavilion Hibiscus Way 802 West Bay Road Grand Cayman, KY1-1205, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is situated at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. Yeung Ho Ming, who is a Certified Public Accountant in Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (d) The compliance officer of the Company is Mr. Liu Wei, William, an executive Director and joint chief executive officer of the Company.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited, Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (f) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

NOTICE OF EXTRAORDINARY GENERAL MEETING



HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Honbridge Holdings Limited (the “Company”) will be held at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 13 September 2021, at 10:00 a.m. for the purpose of considering and, if thought fit, pass each of the following resolutions with or without amendments as an ordinary resolution of the Company. Capitalised terms defined in the circular dated 27 August 2021 issued by the Company (the “Circular”) shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTIONS

“THAT

- a) the Supplemental Sales Framework Agreement (a copy of which is tabled at the meeting and marked A and initialed by the chairman of the meeting for identification purpose), the Revised Annual Cap under the Supplemental Sales Framework Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary be and is/are hereby authorised to execute all such other documents, instruments and agreements and to do all such acts or thing deemed by him/her to be incidental to, ancillary to or in connection with the Supplemental Sales Framework Agreement, the Revised Annual Cap and the matters and transactions contemplated in the Supplemental Sales Framework Agreement.”

Yours faithfully

By Order of the Board

Honbridge Holdings Limited

Liu Wei, William

Director and Joint Chief Executive Officer

Hong Kong, 27 August 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 7 September 2021.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. In light of the epidemic situation of COVID-19, shareholders may consider appointing the chairman of the EGM as his/her proxy to vote on the resolutions, instead of attending the EGM in person. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy needs not be a shareholder of the Company.
3. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the meeting or any adjourned meeting thereof should he so wishes.
4. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholdings.
5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the website of Company at www.8137.hk and on the website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.
6. To ensure the health and safety of the attendees at the EGM, the Company intends to implement precautionary measures at the EGM including: (a) compulsory temperature checks at the entrance of the venue of the EGM; (b) attendees are required to bring their own surgical masks and those who had high temperature or not wearing surgical masks might be denied access to the venue of the EGM; (c) no corporate gift, refreshments or drinks will be provided at the EGM.
7. The Board is closely monitoring the impact of COVID-19 in Hong Kong. Should any changes be made to the EGM arrangements, the Company will notify shareholders via an announcement to be posted on the Company's website (www.8137.hk) and the website of HKEx (www.hkexnews.hk).

As at the date of this notice, the Board consists of three executive Directors, Mr. He Xuechu, Mr. Liu Jian and Mr. Liu Wei, William, non-executive Director Mr. Yan Weimin and three independent non-executive Directors, Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun.